

Sec. 1. Amendment No 444
Corporations.

Amend the second clause
of Section one of the article
on Corporations as reported
by the Committee so as to
read as follows viz

4 All laws now in force in
this State concerning Corporations
; and all that may be
hereafter passed pursuant
to this Section may be
altered from time to
time or repealed,

By Laine - Adopted.

Substitute

(1)

Each stockholder of a Corporation or joint stock association shall be individually and personally liable for such proportion of all its debts and liabilities contracted or incurred during the time he was a stockholder, as the amount of stock or shares owned by him bears to the whole of the subscribed capital stock, or shares of the Corporation or association; And also for a further sum, at least equal in amount to the fair value of his stock, any thing contract or agreement to the contrary notwithstanding.

By Webster — adopted by 88.

See other side

Propositions divided.

Adopted - Council

one motion of Mr. Brown

lost.

Add to Webster's Substitute.

The directors or trustees of
Corporations and joint stock associations
shall be jointly and severally liable
to the creditors and stock holders
for all moneys embezzled by them
or misappropriated by the officers
of such Corporation or joint stock
association during the term of office
of such Director or Trustee.
By Judge Terry.

Adopted by 95 votes.

Amendment.

No. 444.

INTRODUCED BY COMMITTEE ON CORPORATIONS OTHER THAN MUNICIPAL.

ations, any

Amendment.

No. 444.

INTRODUCED BY COMMITTEE ON CORPORATIONS OTHER THAN MUNICIPAL.

OCTOBER 30TH, 1878.

READ, ORDERED PRINTED, AND LAID ON TABLE.

RELATIVE TO CORPORATIONS OTHER THAN MUNICIPAL.

ARTICLE —

CORPORATIONS.

SECTION 1. Corporations may be formed under general laws, but shall
2 not be created by special Act. All laws ^{now in force in this State} passed pursuant to this section may
3 be altered from time to time, or repealed.

SEC. 2. Dues from corporations shall be secured by such individual
2 liability of the corporators and other means as may be prescribed by law.

SEC. 3. Each stockholder of a corporation, or joint stock association,
2 shall be individually and personally liable for his proportion of all its debts
3 and liabilities.

SEC. 4. The term corporations, as used in this article, shall be con-
2 strued to include all associations and joint stock companies having any of
3 the powers or privileges of corporations not possessed by individuals or part-

concerning corporations, and all their
be hereafter

Adapted by
Mr. Webster

Adapted

4 nerships; and all corporations shall have the right to sue and shall be subject
5 to be sued, in all Courts, in like cases as natural persons.

2 SEC. 5. The Legislature shall have no power to pass any Act granting
3 any ~~special~~ charter for banking purposes; but corporations or associations
4 may be formed for such purposes under general laws; but no corporation or
5 association shall make, issue, or put in circulation any bill, check, ticket, cer-
6 tificate, promissory note, or other paper, to circulate as money, in this State,
except the lawful money of the United States. *Substitute by Johnson*
adopted

2 SEC. 6. All existing charters, grants, franchises, special or exclusive
3 privileges, under which an actual and bona fide organization shall not have
4 taken place, and business been commenced in good faith at the time of the
adoption of this Constitution, shall thereafter have no validity. *Substitute*
Chapter

2 SEC. 7. The Legislature shall not extend any franchise or charter, or
3 remit the forfeiture of any franchise or charter of any corporation now existing,
or which shall hereafter exist under the laws of this State.

2 SEC. 8. The exercise of the right of eminent domain shall never be so
3 abridged or construed as to prevent the Legislature from taking the property
4 and franchises of incorporated companies and ~~subject~~ them to public use the
5 same as the property of individuals, and the exercise of the police power of the
6 State shall never be so abridged or construed as to permit corporations to con-
7 duct their business in such manner as to infringe the equal rights of individ-
uals or the general well-being of the State. *Subjecting*
by Beckner

2 SEC. 9. No corporation shall engage in business other than that
3 expressly authorized in its charter, or the law under which it may have been
or may hereafter be organized; nor shall it hold any real estate for a longer

Adopted

Substitute Sec 6

Sec 6 All special or exclusive privileges
whether claimed under general law
or by special grant shall have
no validity, unless such claim for
special or exclusive privileges shall
have been appropriated by company
and business commenced in good faith
and organization before the adoption
of this constitution.

Shafter adopted

Third - In section eight, after the word "companies," in line three,
insert the words: "at their own valuation, as made for the purpose of
taxation."

By Barbour adopted

Adopted

Sec 8

Amend Sec by as follows

Third—In section eight, after the word "companies," in line three, insert the words "at their own valuation, as made for the purpose of taxation."

My Barbour adopted

Ad

Subtitle 1005-

The Legislature shall have no power to pass any Act granting any special charter for banking purposes; but corporations or associations may be formed for such purposes under general laws; but no corporation, association or individual shall make issue or put in circulation any bill, check, ticket, certificate, promissory note, or other paper, to circulate as money.

I have on
adoption

No. 444

May

Amend. Sects Five, Amend. 444 - Comm of whole

1
2
3
4
5
6
7
The above is correct and adopted

Strike out the word "public" between the words "for" and "inspection" in line 7 after the word "inspection" and add the words "by every person having an interest therein" and Legislative Committees'

Corporations I shall adapted

Adopted

Amend Sect 14 to read as follows.

1 Sec 14. Every corporation other than
2 religion, educational or charitable
3 benevolent organized or doing business
4 in this State shall have and
5 maintain an office or place
6

7 in this State for the transaction of its business, where transfers of stock shall
8 be made, and in which shall be kept, for public inspection, books in which
9 shall be recorded the amount of capital stock subscribed, and by whom; the
10 names of the owners of its stock, and the amounts owned by them respect-
11 ively; the amount of stock paid in, and by whom; the transfers of said stock;
12 the amount of its assets and liabilities, and the names and place of residence
of its officers.

Enter

add to the end of sec. 14

No foreign corporation shall
do any business in this state
without having at least one
place of business and an author-
ized agent in the same upon
whom process may be served.

Adopted

Hayers

Section Amendment
Adapted

(Letter adapted
as Rec 15-

Section to be added and
known as Section 15-

Section 15. No corporation organized
outside the limits of this State shall
~~be~~ be allowed to transact business
within this State on more favorable
conditions than are prescribed by
law to similar corporations organized
under the laws of this State. The
Legislature shall enforce this
section by appropriate legislation.

Adapted.

Adopted as Rec 16
Sec 16 (Corporations)

~~Amend Sec 15 by adding:~~
Sec 16. A corporation or association
may be sued at the County
where the contract is made
or is to be performed, or where
the obligation or liability arises
or breach occurs, or at the
county where the principal place
of business of such corporation
is situated; subject to the power
of the Court to change the
place of trial as "in other cases"

James H.

SEC. 14. Every corporation organized or doing business in this State, under the laws or authority thereof, shall have and maintain an office or place in this State for the transaction of its business, where transfers of stock shall be made, and in which shall be kept, for public inspection, books in which shall be recorded the amount of capital stock subscribed, and by whom; the names of the owners of its stock, and the amounts owned by them respectively, and the transfers of said stock;

Sec. 15

All railroad and transportation companies shall be common carriers and subject to legislative control. Any association or corporation organized for the purpose under the laws of this State shall have the right to connect at the State line with railroads of other States. Every railroad company shall have the right with its road to intersect, connect with, or cross any other railroad, and shall receive and transport each the other's passengers, tonnage, and cars without delay or discrimination.

Adopted. Easter

*Delio Amicus
Adopted*

SEC. 14. Every corporation organized or doing business in this State,
2 under the laws or authority thereof, shall have and maintain an office or place
3 in this State for the transaction of its business, where transfers of stock shall
4 be made, and in which shall be kept, for public inspection, books in which
5 shall be recorded the amount of capital stock subscribed, and by whom; the
6 names of the owners of its stock, and the amounts owned by them respect-
7 ively; the amount of stock paid in, and by whom; the transfers of said stock;
8 the amount of its assets and liabilities, and the names and place of residence
9 of its officers.

*See Substitute as Sec 15
Sec 16*
Amended

RAILROADS.
SEC. 15. All railroads, canal, and transportation companies shall be
2 common carriers and subject to legislative control. Any association or cor-
3 poration, organized for the purpose, shall have the right to construct and
4 ~~operate a railroad between any points within this State, and to connect at the~~
5 State line with railroads of other States. Every railroad company shall have
6 the right with its road to intersect, connect with, or cross any other railroad,
7 and shall receive and transport each other's passengers, tonnage, and cars,
8 loaded or empty, without delay or discrimination.

Estes' Substitute adopted, No. 15

SEC. 16. No president, director, officer, agent, or employe of any rail-
2 road or canal company shall be interested, directly or indirectly, in the
3 furnishing of material or supplies to such company, or in the business of
4 transportation as a common carrier of freight or passengers over the works
5 owned, leased, controlled, or worked by such company.

SEC. 17. No railroad or other transportation company shall grant free
2 passes, or passes or tickets at a discount, to any person holding any office of
3 honor, trust, or profit in this State; and the acceptance of any such pass or

Adopted *Hayers*

Strike out of first line
of Dec. 12 these words,
"The legislature shall
provide by law that"

Ralph
Adopted

4 period than five years, except such as may be necessary for carrying on its
5 business, ~~or which is incident thereto.~~ *struck out on motion of Jerry*

SEC. 10. The Legislature shall not pass any laws permitting the leasing
2 or alienation of any franchise, so as to relieve the franchise or property held
3 thereunder from liabilities of the lessor or grantor, lessee or grantee, con-
4 tracted or incurred in the operation, use, or enjoyment of such franchise, or
5 any of its privileges.

SEC. 11. No corporation shall issue stock or bonds, except for money
2 paid, labor done, or property actually received, and all fictitious increase of
3 stock or indebtedness shall be void. The stock and bonded indebtedness of
4 corporations shall not be increased, except in pursuance of general law, nor
5 without the consent of the persons holding the larger amount in value of the
6 stock first obtained at a meeting called for that purpose, first giving sixty days
7 public notice, as may be provided by law.

SEC. 12. The Legislature shall provide by law that in all elections for
2 directors or managers of incorporated companies every stockholder shall have

Adopted
Add to section twelve: "Except that members of cooperative societies formed for agricultural, mercantile, and manufacturing purposes, may vote on all questions affecting such societies in manner prescribed by law."

number of shares of stock
tored or managers to be
litate as many votes as

*Adopted
as can*

7 equal, or to distribute them, on the same principle, among as many candidates
8 as he shall think fit; and such directors or managers shall not be elected in
9 any other manner.

SEC. 13. The State shall not subscribe to or be interested in the stock
of, or in any manner loan its credit to, any person, company, association, or
3 corporation.

Adopted

*Amended
for
Deputies*

4 period than five years, except such as may be necessary for carrying on its
5 business, ~~or which is incident thereto.~~ *struck out on motion of Jerry*

SEC. 10. The Legislature shall not pass any laws permitting the leasing
2 or alienation of any franchise, so as to relieve the franchise or property held
3 thereunder from liabilities of the lessor or grantor, lessee or grantee, con-
4 tracted or incurred in the operation, use, or enjoyment of such franchise, or
5 any of its privileges.

SEC. 11. No corporation shall issue stock or bonds, except for money
2 paid, labor done, or property actually received, and all fictitious increase of
3 stock or indebtedness shall be void. The stock and bonded indebtedness of
4 corporations shall not be increased, except in pursuance of general law, nor
5 without the consent of the persons holding the larger amount in value of the
6 stock first obtained at a meeting called for that purpose, first giving sixty days
7 public notice, as may be provided by law.

SEC. 12. The Legislature shall provide by law that in all elections for
2 directors or managers of incorporated companies every stockholder shall have
3 the right to vote, in person or by proxy, for the number of shares of stock
4 owned by him, for as many persons as there are directors or managers to be
5 elected, or to cumulate said shares and give one candidate as many votes as
6 the number of directors multiplied by the number of his shares of stock shall
7 equal, or to distribute them, on the same principle, among as many candidates
8 as he shall think fit; and such directors or managers shall not be elected in
9 any other manner.

SEC. 13. The State shall not subscribe to or be interested in the stock
of, or in any manner loan its credit to, any person, company, association, or
3 corporation.

adoption

*adoption
as am*

adoption

adoption

adoption

adoption

Sec. 18

*

And ^{*corporation*} ~~SECTION~~ Whenever a railroad or canal ~~corporation~~ shall, for the purpose of competing with ~~any other common carrier~~, lower its rates for transportation of passengers or freight from one point to another, such reduced rates shall not be again raised or increased from such reduced standard, ~~but shall~~

(Agreed)

Notwithstanding the content of the Governmental authority in which shall be vested the power to regulate fares and freights, authorizing such change.

4 ticket, by a member of the Legislature or any public officer, shall work a
5 forfeiture of his office.

SEC. 18. No railroad company or other common carrier shall combine
2 or make any contract with the owners of any vessel that leaves port or makes
3 port in this State, or with any common carrier, by which combination or con-
4 tract the earnings of one doing the carrying are to be shared by the other not
5 doing the carrying.*

SEC. 19. No discrimination in charges or facilities for transportation
2 shall be made by any railroad or ^{other} transportation company between places or
3 persons, or in the facilities for the transportation of freight or passengers
4 within this State, or coming from or going to any other State. Persons and
5 property transported over any railroad, or by any ^{other} transportation company or
6 individual, shall be delivered at any station, landing, or port, at charges not
7 exceeding the charges for the transportation of persons and property of the
8 same class in the same direction to any more distant station, port, or landing.
9 Excursion and commutation tickets may be issued at special rates.

SEC. 20. Three Railroad Commissioners shall be elected by the quali-
2 fied voters of this State at the regular gubernatorial elections, and whose
3 salary shall be fixed by law, and whose term of office shall be four years.
4 They shall be qualified electors of this State, and shall not be interested in
5 any railroad corporation, or other transportation company, as stockholder,
6 creditor, agent, attorney, or employe; and the act of a majority of said Com-
7 missioners shall be deemed the act of said Commission. Said Commissioners
8 shall have the sole power, and it shall be their duty, to correct abuses by rail-
9 road corporations or other transportation companies; establish rates of charges
10 for the transportation of passengers and freight by railroad or other transpor-

Handwritten scribbles

AL FILE

Substitute by the Committee accepted

*Items 2 and 4
repealed by section
of the "Constitution"*

55
62

11 tation companies, and publish the same from time to time, with such changes
 12 as they may make; report to the Governor, annually, their proceedings, and
 13 such other facts as may be deemed important; hear and determine complaints
 14 against railroad or other transportation companies; affix penalties and enforce
 15 them through the medium of the Courts, and perform such other duties as
 16 may be prescribed by law. Nothing in this section shall prevent individuals
 17 from maintaining actions against any of such companies. It shall be the duty
 18 of the Legislature to confer all such further powers on the Board of Railroad
 19 Commissioners as shall be necessary to enable them to perform the duties
 20 enjoined on them in the foregoing sections.

21 SEC. 21. The State shall be divided into three railroad districts, as
 22 nearly equal in population as practicable, from each of which one of the three
 23 Railroad Commissioners shall be elected.

24 SEC. 22. Until the Legislature shall district the State, the following
 25 shall be the railroad districts: The First District shall be composed of the
 26 Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado,
 27 Humboldt, Lake, Lassen, Mendocino, Modoc, Napa, Nevada, Placer, Plumas,
 28 Sacramento, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trin-
 29 ity, Yolo, and Yuba, from which one Railroad Commissioner shall be elected.
 30 The Second District shall be composed of the Counties of Marin, San Fran-
 31 cisco, and San Mateo, from which one Railroad Commissioner shall be elected.
 32 The Third District shall be composed of the Counties of Alameda, Contra
 33 Costa, Fresno, Inyo, Kern, Los Angeles, Mariposa, Merced, Mono, Monterey,
 34 San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, Santa
 35 Barbara, Santa Clara, Santa Cruz, Stanislaus, Tulare, Tuolumne, and Ven-
 36 tura, from which one Railroad Commissioner shall be elected.

CONVENTION GENERAL FILE.

MONDAY, DEC. 2, 1878.

No.	TITLE.	Author.	Committee.	Report of Committee.	Action.
402	Preamble and Bill of Rights.....	Com. on P. and Bill of Rights	Com. of Whole	Adopted as amended	Adoption.
16	Relative to officers.....	Johnson	Priv. and Elect.	Indefinite postponement	Adoption.
116	Relative to compulsory education.....	Harrison	Education	Be not adopted	Adoption.
117	Relative to educational system.....	Harrison	Education	Be not adopted	Adoption.
234	Relative to education.....	Wickes	Education	Be not adopted	Adoption.
381	Relative to education.....	Smith, H. W.	Education	Be not adopted	Adoption.
405	Relative to education.....	Lindow	Education	Be not adopted	Adoption.
410	Relative to public schools.....	Jones	Education	Be not adopted	Adoption.
445	Relative to pardoning power.....	Com. on Pardon- ing Power	Com. of Whole	Adopted as amended	Adoption.
468	Relative to Executive Department.....	Com. on Ex. Dept.	Com. of Whole	Adopted as amended	Adoption.
454	Relative to Chinese.....	Com. on Chinese	Com. of Whole		
485	Relative to the militia.....	Com. on Military Affairs	Com. of Whole		

shall be made
3 persons, or in the
4 within this State, or
5 property transpo
6 individual, st
7 exceeding
8 same cl
9 Exor

by the

adopted

SEC. 23. The Legislature shall pass all laws necessary for the enforce-
2 ment of the provisions of this article.

M. M. ESTEE,

V. E. HOWARD,

JOS. W. WINANS,

JNO. M. RHODES,

P. DUNLAP,

JOHN P. WEST,

GEO. W. SCHELL,

V. A. GREGG,

J. V. WEBSTER,

CHAS. F. REED,

GEO. STEELE,

H. C. BOGGS,

PATRICK REDDY.

SEC. 20. Three Railroad Commissioners shall be elected by the qualified voters of this State at the regular ~~general~~ gubernatorial elections, ~~and~~ whose salary shall be fixed by law, and whose term of office shall be ~~four~~ ^{six} years.

"Provided that the three Commissioners elected at the first election shall so classify themselves by lot that one of them shall go out of office ~~every~~ at the end of ~~every~~ two years, one at the end of four years, and one at the end of six years, so that after the first election, one Commissioner shall be elected at the general election every two years and shall hold office for the term of six years."

4 They shall be qualified electors of this State, and shall not be interested in
5 any railroad corporation, or other transportation company, as stockholder,
6 creditor, agent, attorney, or employe, and the act of a majority of said Commissioners shall be deemed the act of said Commission. Said Commissioners
8 shall have the ~~sole~~ power, and it shall be their duty, ~~to correct abuses by railroad corporations or other transportation companies,~~ ^{to} establish rates of charges
10 for the transportation of passengers and freight by railroad or other transportation companies, and publish the same from time to time, with such changes
12 as they may make; ~~to examine the books, records, and~~

~~papers of all railroad and other transportation companies, and for this purpose they shall have process of the Courts; to hear complaints against railroad and other transportation companies; to send for persons and papers, administer oaths, take testimony, and report cases of contempt to the Courts for their action, and enforce their decisions and correct abuses through the medium of the Courts, and perform such other duties as may be prescribed by law; to report to the Governor annually, their proceedings, and such~~

Other facts as may be deemed important.
Nothing in this section shall prevent individuals
17 from maintaining actions against any of such companies. It shall be the duty
18 of the Legislature to confer all such further powers on the Board of Railroad
19 Commissioners as shall be necessary to enable them to perform the duties
20 enjoined on them in the foregoing sections.

amend Section 20 by adding thereto the following:

Provided the Legislature shall have power to remove any one or more of said Commissioners from office for dereliction of duty or corruption or incompetency therein; and whenever from any cause a vacancy in office shall occur in said Commission the Governor shall fill the same by the appointment of a qualified person thereto who shall hold office for the residue of the unexpired term and until his successor shall have been elected and qualified. Hale — Adopted.

Campbell

Add to the section —

Said Commissioners shall prescribe a uniform system of accounts to be kept by all such corporations and companies ~~and they~~ shall keep their accounts according to such system.

Any Railroad Corporation or Transportation Company which shall fail or refuse to conform to the rates ~~as shall be~~ established by said Commissioners or to keep shall charge rates in excess thereof or shall fail to keep their ^{accounts} books in accordance with the system established prescribed by the Commissioners shall forfeit and pay be fined not exceeding \$20,000 for each offense. and every officer agent or employe of such corporation or company who shall demand or receive rates in excess thereof or who shall in any manner violate the provisions of this section shall be fined not exceeding \$5000 or imprisoned in the County jail not exceeding one year. In all controversies civil or criminal the rates of fares & freights established by said Commissioners shall be deemed prima facie just & reasonable and in

qualified. ~~State~~ - Adopted.

Campbell

Add to the section -

Said Commissioners shall prescribe a uniform system of accounts to be kept by all such corporations and companies ~~they~~ shall keep their accounts according to such system.

Any Railroad Corporation or Transportation ^{Company} which shall fail or refuse to conform to the ~~such~~ ~~rates~~ ^{as shall be} ~~prescribed~~ established by said Commissioners or to ~~keep~~ ^{accounts} shall charge rates in excess thereof or shall fail to keep their ~~books~~ ^{accounts} in accordance with the system established prescribed by the Commissioners shall forfeit and pay be fined not exceeding \$50.000 for each offense. and every officer agent or employe of ^{any} such corporation or company who shall demand or receive rates in excess thereof or who shall in any manner violate the provisions of this section shall be fined not exceeding \$5000 or imprisoned in the County jail not exceeding one year. In all controversies civil or criminal the rates of fares & freights established by said Commissioners shall be deemed prima facie just & reasonable - and in any action against such Corporation or Company for damages ^{sustained} ~~done~~ by charging excessive rates the plaintiff in addition to the actual damages may in the discretion of the judge or jury recover exemplary damages. The Legislature may in addition to any penalties herein prescribed enforce this article by forfeiture or otherwise.

and may confer such further powers on the Commissioners as shall be necessary to enable them to perform the duties enjoined on them in this and the foregoing sections -

Adopted.

Railroad Commission

127

The President's official seal
by legislative power
The Executive Order, given to
The Executive Order
The Appointments Office
Executive Order given to
The President and Senate

Subscribed and judicial power
given to the Senate

Sub 20
RR 6m

Adopted as Sec 20

Sec 20 The State shall be divided into three districts as nearly equal in population as practicable, in each of which one Railroad Commissioner shall be elected by the qualified electors of their respective districts, at the regular gubernatorial elections, whose salary shall be fixed by law, and whose term of office shall be four years. Said Commissioners shall be qualified electors of this State, and of the ~~root~~ district from which ~~and~~ they are elected, and shall not be interested in any railroad corporation, or other transportation company, as stockholder, creditor, agent, attorney, or employe, and the act of a majority of said Commissioners shall be deemed the act of said Commission.

Said Commissioners shall have the power, and it shall be their duty to establish rates of charges for the transportation of passengers and freight by railroad or other transportation companies, and publish the same from time to time, with such changes as they may make; to examine the books, records and papers of all railroad and other transportation companies, and for this purpose they shall have process of the Courts; to hear and determine complaints against railroad and other transportation companies, to send for persons and papers, to administer oaths, take testimony and punish for contempt.

of their orders and processes in the same manner and to the same extent as Courts of record, and enforce their decisions and correct abuses through the medium of the Courts.

Said Commissioners shall prescribe a uniform system of accounts to be kept by all such corporations and companies, and they shall keep their accounts according to such system. Any railroad corporation or transportation company which shall fail or refuse to conform to such rates as shall be established by such Commissioners, or shall charge rates in excess thereof, or shall fail to keep their accounts in accordance with the system prescribed by the Commission shall be fined not exceeding \$20,000 for each offense, and every officer, agent, or employe of any such corporation or company who shall demand or receive rates in excess thereof, or who shall in any manner violate the provisions of this section shall be fined not exceeding \$500 or imprisoned in the County Jail not exceeding one year, ~~in~~ In all controversies civil or criminal the rates of fares and freights established by said Commission shall be deemed conclusively just and reasonable and in any action against such corporation or company for damages sustained by

charging excessive rates, the plaintiff in addition to the actual damage may in the discretion of the judge or jury recover exemplary damages.

Said Commission shall report to the Governor, annually, their proceedings and such other facts as may be deemed important. Nothing in this section shall prevent individuals from maintaining actions against any of such companies.

The Legislature may in addition to any penalties herein prescribed enforce this article by forfeiture of charter or otherwise, and may confer such further powers on the Commissioners as shall be necessary to enable them to perform the duties enjoined on them in this and the foregoing sections.

The Legislature shall have power by a two thirds vote of all the members elected to each house, to remove any one or more of said Commissioners from office for dereliction of duty or corruption or incompetency and whenever from any cause a vacancy in office shall occur in said Commission the Governor shall fill the same by the appointment of a qualified person.

thereby who shall hold office
for the residue of the unexpired
term and until his successor
shall have been elected and
qualified.

Amended by adding new section as follows:

Sec 24 Every Railroad corporation and other incorporated company or association existing under the laws of this State, at the time of the adoption of this Constitution shall accept the provisions of this Article in good faith before being entitled to claim or have the benefit of any future legislation thereunder.

Herrington

adopted

Original
Corporations

Corporations

Sacramento Nov 19 1878.

Mr President.

Your Committee on Corporations other than Municipal to whom were referred several amendments to Sections 12 and 13 of the Article on Corporations ~~presented~~^{reported} by the Committee beg leave to report that they have considered the same and recommend the adoption of the following as a substitute for pending Amendments

Add to Section 12. Except That members of Co-operative societies formed for Agricultural, Mercantile, and Manufacturing purposes may vote on all questions affecting such societies in manner prescribed by law.

The Committee recommend that no ~~change~~^{alteration} be made in Section 13 as reported by the Committee and which reads as follows

Sec 13. The State shall not subscribe to or be interested in the stock of, or in any manner loan its credit to, any person, company, association or corporation.

W M Rice
Clerk

Report of
Committee on Corporations
Other Than Municipal

Nov 20. 18

Read & ~~reported~~ ^{by} ~~him~~
on Table & ordered
printed

Thomson
and Secy

2

Chas. Chairman

*Original
Convention Copy
Secretary's Copy*

Amendment.

No. 444.

INTRODUCED BY COMMITTEE ON CORPORATIONS OTHER THAN MUNICIPAL.

WITH AMENDMENTS ADOPTED IN COMMITTEE OF THE WHOLE.

RELATIVE TO CORPORATIONS OTHER THAN MUNICIPAL.

ARTICLE —.

CORPORATIONS.

SECTION 1. Corporations may be formed under general laws, but shall
2 not be created by special Act. ~~All laws passed pursuant to this section may~~
3 be altered from time to time, or repealed.

Amendment by Mr. Laine to section one. Amend the second clause,
of section one, so as to read as follows:

Adopted
[All laws now in force in this State concerning corporations, and all
2 laws that may be hereafter passed pursuant to this section, may be altered
3 from time to time, or repealed.]

SEC. 2. Dues from corporations shall be secured by such individual
2 liability of the corporators and other means as may be prescribed by law.

SEC. 3. Each stockholder of a corporation, or joint stock association,
2 shall be individually and personally liable for his proportion of all its debts
3 and liabilities.

Webster's amendment to section three:

[SEC. 3. Each stockholder of a corporation, or joint stock association,
2 shall be individually and personally liable for such proportion of all its debts
3 and liabilities contracted or incurred during the time he was a stockholder, as
4 the amount of stock or shares owned by him bears to the whole of the sub-
5 scribed capital stock, or shares of the corporation, or association.]

add
Amendment by Terry, to Webster's:

[SEC. 3.) The directors or trustees of corporations and joint stock asso-
2 ciations shall be jointly and severally liable to the creditors and stockholders
3 for all moneys embezzled or misappropriated by the officers of such corpora-
4 tion, or joint stock association, during the term of office of such director or
5 trustee.]

SEC. 4. The term corporations, as used in this article, shall be con-
2 strued to include all associations and joint stock companies having any of
3 the powers or privileges of corporations not possessed by individuals or part-
4 nerships; and all corporations shall have the right to sue and shall be subject
5 to be sued, in all Courts, in like cases as natural persons.

SEC. 5. The Legislature shall have no power to pass any Act granting
2 any special charter for banking purposes, but corporations or associations
3 may be formed for such purposes under general laws; but no corporation or
4 association shall make, issue, or put in circulation any bill, check, ticket, cer-
5 tificate, promissory note, or other paper, to circulate as money in this State,
6 except the lawful money of the United States.

Substitute by Mr. Johnson for section five:

adopted
[SEC. 5. The Legislature shall have no power to pass any Act granting
2 any charter for banking purposes, but corporations or associations may be

See s. ~~Line 4~~. Strike out all after
circulation in Line 4. and insert
"as money" anything but the lawful money
of the United States."

adopted 111-16 Shapler

Amend amendment
as follows

Strike out the words
"claim for" in line

²
Adopted (Hemington)

or
W
Adop
Curr

Add to Section 6

This section shall
not be construed to
legalize any special
or exclusive privilege
which is otherwise
prohibited

Adopted - 59-18 McCullum
Carried

3 formed for such purposes under general laws; but no corporation, association,
 4 or individual shall make, issue, or put in circulation ^{as money, anything but} ~~any bill, check, ticket,~~
 5 ^{the lawful money of the united States} ~~certificate, promissory note, or other paper, to circulate as money.~~]

SEC. 6. All existing charters, grants, franchises, special or exclusive
 2 privileges, under which an actual and bona fide organization shall not have
 3 taken place, and business been commenced in good faith at the time of the
 4 adoption of this Constitution, shall thereafter have no validity.

Substitute for section six, by Mr. Shafter:

[SEC. 6. All special or exclusive privileges, whether claimed by general
 2 laws or by special grants, shall have no validity, unless such ~~claim for~~ special
 3 or exclusive privilege shall have been appropriated, ^{by} ~~occupancy and organiza-~~
 4 tion and business commenced in good faith, before the adoption of this Con-
 5 stitution.] ^{add-M^cCallum}

SEC. 7. The Legislature shall not extend any franchise or charter, or
 2 remit the forfeiture of any franchise or charter of any corporation now existing,
 3 or which shall hereafter exist under the laws of this State.

SEC. 8. The exercise of the right of eminent domain shall never be so
 2 abridged or construed as to prevent the Legislature from taking the property
 3 and franchises of incorporated companies and subject them to public use the
 4 same as the property of individuals, and the exercise of the police power of the
 5 State shall never be so abridged or construed as to permit corporations to con-
 6 duct their business in such manner as to infringe the equal rights of individ-
 7 uals or the general well-being of the State.

Amended by Mr. Barbour, as follows:

[SEC. 8. The exercise of the right of eminent domain shall never be so

*This section
goes to come on
reporting Amley.*

*Herrington's
inserted to make sense.*

Not adopted

Copy not accurate

Amend Section 8 of the
report of Committee
of the whole by striking
out all after the word
"Companies" line "3" up to
and including the word
"Tentative" on line 4"

adopted 9-27 Esten

2 abridged or construed as to prevent the Legislature from taking the property
 3 and franchises of incorporated companies ^{Enter amendment take this out} ~~at their own valuation, as made for~~
 4 ~~the purpose of taxation,~~ and subjecting them to public use the same as the
 5 property of individuals, and the exercise of the police power of the State shall
 6 never be so abridged or construed as to permit corporations to conduct their
 7 business in such manner as to infringe the equal rights of individuals or the
 8 general well-being of the State.]

SEC. 9. No corporation shall engage in business other than that
 2 expressly authorized in its charter, ~~or the law under which it may have been~~
 3 ~~or may hereafter be organized;~~ nor shall it hold any real estate ~~for a longer~~
 4 ~~period than five years, except such as may be necessary for carrying on its~~
 5 ~~business, or which is incident thereto.~~

Amended by Mr. Terry, as follows:

[SEC. 9. No corporation shall engage in business other than that
 2 expressly authorized in its charter, or the law under which it may have been
 3 or may hereafter be organized; nor shall it hold any real estate for a longer
 4 period than five years, except such as may be necessary for carrying on its
 5 business.]

SEC. 10. The Legislature shall not pass any laws permitting the leasing
 2 or alienation of any franchise, so as to relieve the franchise or property held
 3 thereunder from liabilities of the lessor or grantor, lessee or grantee, con-
 4 tracted or incurred in the operation, use, or enjoyment of such franchise, or
 5 any of its privileges.

SEC. 11. No corporation shall issue stock or bonds, except for money
 2 paid, labor done, or property actually received, and all fictitious increase of
 3 stock or indebtedness shall be void. The stock and bonded indebtedness of

4 corporations shall not be increased, except in pursuance of general law; nor
5 without the consent of the persons holding the larger amount in value of the
6 stock first obtained at a meeting called for that purpose, first giving sixty days'
7 public notice, as may be provided by law.

SEC. 12. The Legislature shall provide by law that in all elections for
2 directors or managers of incorporated companies every stockholder shall have
3 the right to vote, in person or by proxy, for the number of shares of stock
4 owned by him, for as many persons as there are directors or managers to be
5 elected, or to cumulate said shares and give one candidate as many votes as
6 the number of directors multiplied by the number of his shares of stock shall
7 equal, or to distribute them, on the same principle, among as many candidates
8 as he shall think fit, and such directors or managers shall not be elected in
9 any other manner.

(Section twelve was amended by Mr. Rolfe: Strike out of first line
the words, "The Legislature shall provide by law that"; and by Committee
on Corporations as follows: Add to section twelve: "Except that members
of co-operative societies formed for agricultural, mercantile, and manufactur-
ing purposes, may vote on all questions affecting such societies in manner
prescribed by law.")

Section twelve, as amended:

[SEC. 12. In all elections for directors or managers of incorporated
2 companies, every stockholder shall have the right to vote, in person or by
3 proxy, for the number of shares of stock owned by him, for as many persons
4 as there are directors or managers to be elected, or to cumulate said shares
5 and give one candidate as many votes as the number of directors multiplied
6 by the number of his shares of stock shall equal, or to distribute them, on

Amended

7 the same principle, among as many candidates as he shall think fit; and such
8 directors or managers shall not be elected in any other manner, except that
9 members of co-operative societies formed for agricultural, mercantile, and
10 manufacturing purposes, may vote on all questions affecting such societies in
11 manner prescribed by law.]

SEC. 13. The State shall not subscribe to or be interested in the stock
2 of, or in any manner loan its credit to, any person, company, association, or
3 corporation.

SEC. 14. Every corporation organized or doing business in this State,
2 under the laws or authority thereof, shall have and maintain an office or place
3 in this State for the transaction of its business, where transfers of stock shall
4 be made, and in which shall be kept, for public inspection, books in which
5 shall be recorded the amount of capital stock subscribed, and by whom; the
6 names of the owners of its stock, and the amounts owned by them respect-
7 tively; the amount of stock paid in, and by whom; the transfer of said stock;
8 the amount of its assets and liabilities, and the names and place of residence
9 of its officers.

The following is section fourteen as amended by the Committee on
Corporations other than Municipal—Mr. Schell and Mr. Hager:

[SEC. 14. Every corporation other than religious, educational, or
2 benevolent, organized or doing business in this State, shall have and maintain
3 an office or place in this State for the transaction of its business, where transfers
4 of stock shall be made, and in which shall be kept, for inspection, by every
5 person having an interest therein, and legislative committees, books in which
6 shall be recorded the amount of capital stock subscribed, and by whom; the
7 names of the owners of its stock, and the amounts owned by them respect-

copy

Dec 15

Strike out all after the word
"State" in 4th line
adopted,

adopted

8 ively; the amount of stock paid in, and by whom; the transfers of said stock;
9 the amount of its assets and liabilities, and the names and place of residence
10 of its officers.]

Additional section known as section fifteen, introduced by Committee
on Corporations other than Municipal, and adopted as such:

[SEC. 15. No corporation organized outside the limits of this State
2 shall be allowed to transact business within this State on more favorable con-
3 ditions than are prescribed by law to similar corporations organized under the
4 laws of this State. ~~The Legislature shall enforce this section by appropriate~~
5 ~~legislation.~~ *Stricken out on motion of Mr. Gregg*

Additional section known as section sixteen, introduced by Mr. Faw-
cett, and adopted as such:

[SEC. 16. A corporation or association may be sued at the county
2 where the contract is made or is to be performed, or where the obligation or
3 liability arises, or breach occurs; or at the county where the principal place
4 of business of such corporation is situated, subject to the power of the Court
5 to change the place of trial as in other cases.]

RAILROADS.

SEC. 17. All railroads, canal, and transportation companies shall be
2 common carriers, and subject to legislative control. Any association or cor-
3 poration, organized for the purpose, shall have the right to construct and
4 operate a railroad between any points within this State, and to connect at the
5 State line with railroads of other States. Every railroad company shall have
6 the right with its road to intersect, connect with, or cross any other railroad,
7 and shall receive and transport each other's passengers, tonnage, and cars,
8 loaded or empty, without delay or discrimination.

Sec 17. Amended by inserting
 between the words "and" &
 "transportation", in the first line
 the word "other"
 adopted Webster

Amend Section 18 of
 the report of the Committee
 of the ~~incorporated~~ ^{incorporated} Corporations other
 than Municipal by
 striking out the word
 "or" in the third line
 after the word "Company"
 and inserting the word
 "nor" in lieu thereof; and
 by adding at the end
 of the Section the following
 viz "Except such inter-
 est in the business of
 transportation as lawfully
 flows from the owner-
 ship of stock therein"

Done

amend

Insert the word "Canal" after the
word Railroad in first line
Adopted 6-2-30 Smith of 4th Dist

of 4

Smith

Amendment to Section 19 of
the Committee on Corporations other than Municipalities
to add in line 4 after the word officer
the following

Other than Railroad Commissioners

The following is section seventeen, as amended by Committee on Corporations other than Municipal, and adopted as such:

[SEC. 17. All railroad ^{Canal and other} transportation companies shall be common carriers, and subject to legislative control. Any association or corporation, organized for the purpose under the laws of this State, shall have the right to connect at the State line with railroads of other States. Every railroad company shall have the right with its road to intersect, connect with, or cross any other railroad, and shall receive and transport each the other's passengers, 7 tonnage, and cars, without delay or discrimination.]

SEC. 18. No president, director, officer, agent, or employee of any rail-
2 road or canal company shall be interested, directly or indirectly, in the
3 furnishing of material or supplies to such company, ^{nor} in the business of
4 transportation as a common carrier of freight or passengers over the works
5 owned, leased, controlled, or worked by such company. *add better part of business*

SEC. 19. No railroad or other transportation company shall grant free
2 passes, or passes or tickets at a discount, to any person holding any office of
3 honor, trust, or profit in this State; and the acceptance of any such pass or
4 ticket, by a member of the Legislature or any public officer, shall work a
5 forfeiture of his office. *Other than RR Comm*

SEC. 20. No railroad company or other common carrier shall combine
2 or make any contract with the owners of any vessel that leaves port or makes
3 port in this State, or with any common carrier, by which combination or con-
4 tract the earnings of one doing the carrying are to be shared by the other not
5 doing the carrying.

The following is section twenty, as amended by Messrs. Ayers and Hale:

amended

[SEC. 20. No railroad company or other common carrier shall combine
 2 or make any contract with the owners of any vessel that leaves port or makes
 3 port in this State, or with any common carrier, by which combination or con-
 4 tract the earnings of one doing the carrying are to be shared by the other not
 5 doing the carrying. And whenever a railroad corporation shall, for the pur-
 6 pose of competing with any other common carrier, lower its rates for trans-
 7 portation of passengers or freight from one point to another, such reduced
 8 rates shall not be again raised or increased from such standard without the
 9 consent of the governmental authority, in which shall be vested the power to
 10 regulate fares and freights, authorizing such change.]

SEC. 21. No discrimination in charges or facilities for transportation
 2 shall be made by any railroad or transportation company between places or
 3 persons, or in the facilities for the transportation of freight or passengers
 4 within this State, or coming from or going to any other State. Persons and
 5 property transported over any railroad, or by any transportation company or
 6 individual, shall be delivered at any station, landing, or port, at charges not
 7 exceeding the charges for the transportation of persons and property of the
 8 same class, in the same direction, to any more distant station, port, or landing.
 9 Excursion and commutation tickets may be issued at special rates.

The following is section twenty-one, as amended by Mr. Webster:

amended

[SEC. 21. No discrimination in charges or facilities for transportation
 2 shall be made by any railroad or other transportation company between places
 3 or persons, or in the facilities for the transportation of freight or passengers
 4 within this State, or coming from or going to any other State. Persons and
 5 property transported over any railroad, or by any other transportation com-
 6 pany or individual, shall be delivered at any station, landing, or port, at
 7 charges not exceeding the charges for the transportation of persons and

8 property of the same class, in the same direction, to any more distant station,
9 port, or landing. Excursion and commutation tickets may be issued at special
10 rates.]

SEC. 22. Three Railroad Commissioners shall be elected by the quali-
2 fied voters of this State, at the regular gubernatorial elections, and whose
3 salary shall be fixed by law, and whose term of office shall be four years.
4 They shall be qualified electors of this State, and shall not be interested in
5 any railroad corporation, or other transportation company, as stockholder,
6 creditor, agent, attorney, or employe, and the act of a majority of said Com-
7 missioners shall be deemed the act of said Commission. Said Commissioners
8 shall have the sole power, and it shall be their duty, to correct abuses by rail-
9 road corporations or other transportation companies; establish rates of charges
10 for the transportation of passengers and freight by railroad or other trans-
11 portation companies, and publish the same from time to time, with such
12 changes as they may make; report to the Governor, annually, their proceed-
13 ings, and such other facts as may be deemed important; hear and determine
14 complaints against railroad or other transportation companies; affix penalties
15 and enforce them through the medium of the Courts, and perform such other
16 duties as may be prescribed by law. Nothing in this section shall prevent
17 individuals from maintaining actions against any of such companies. It shall
18 be the duty of the Legislature to confer all such further powers on the Board
19 of Railroad Commissioners as shall be necessary to enable them to perform
20 the duties enjoined on them in the foregoing sections.

The following is section twenty-two, as amended by Committee on Cor-
porations other than Municipal (as instructed by the Convention), and adopted
as such:

[SEC. 22. The State shall be divided into three districts as nearly equal

Adopted

2 in population as practicable, in each of which one Railroad Commissioner
 3 shall be elected by the qualified electors of their respective districts, at the
 4 regular gubernatorial elections, whose salary shall be fixed by law, and whose
 5 term of office shall be four years. Said Commissioners shall be qualified
 6 electors of this State and of the district from which they are elected, and
 7 shall not be interested in any railroad corporation, or other transportation
 8 company, as stockholder, creditor, agent, attorney, or employe; and the act of
 9 a majority of said Commissioners shall be deemed the act of said Commis-
 10 sion. Said Commissioners shall have the power, and it shall be their duty,
 11 to establish rates of charges for the transportation of passengers and freight
 12 by railroad or other transportation companies, and publish the same from time
 13 to time, with such changes as they may make; to examine the books, records,
 14 and papers of all railroad and other transportation companies, and for this
 15 purpose they shall ^{have power to issue subpoenas & all other necessary process} ~~have process of the Courts~~; to hear and determine com-
 16 plaints against railroad and other transportation companies, to send for per-
 17 sons and papers, to administer oaths, take testimony, and punish for contempt
 18 of their orders and processes, in the same manner and to the same extent as
 19 Courts of record, and enforce their decisions and correct abuses through
 20 the medium of the Courts. Said Commissioners shall prescribe a uni-
 21 form system of accounts to be kept by all such corporations and com-
 22 panies, and they shall keep their accounts according to such system. Any
 23 railroad corporation or transportation company which shall fail or refuse
 24 to conform to such rates as shall be established by such Commissioners, or
 25 shall charge rates in excess thereof, or shall fail to keep their accounts in
 26 accordance with the system prescribed by the commission, shall be fined not
 27 exceeding twenty thousand dollars for each offense, and every officer, agent,
 28 or employe of any such corporation or company, who shall demand or receive
 29 rates in excess thereof, or who shall in any manner violate the provisions of

~~1. The power~~
Strike out "process of the Courts" on line
15 sec. 22. and insert in lieu thereof "have
power to issue subpoenas & all ^{the} necessary process."

30 this section, shall be fined not exceeding five thousand dollars or be imprisoned
 31 in the county jail not exceeding one year. In all controversies, civil or crim-
 32 inal, the rates of fares and freights established by said Commission shall be
 33 deemed conclusively just and reasonable, and in any action against such cor-
 34 poration or company for damages sustained by charging excessive rates, the
 35 plaintiff, in addition to the actual damage, may, in the discretion of the Judge
 36 or jury, recover exemplary damages. Said Commission shall report to the
 37 Governor, annually, their proceedings, and such other facts as may be deemed
 38 important. Nothing in this section shall prevent individuals from maintain-
 39 ing actions against any of such companies. The Legislature may, in addition
 40 to any penalties herein prescribed, enforce this article by forfeiture of charter
 41 or otherwise, and may confer such further powers on the Commissioners as
 42 shall be necessary to enable them to perform the duties enjoined on them in
 43 this and the foregoing section. The Legislature shall have power, by a two-
 44 thirds vote of all the members elected to each House, to remove any one or
 45 more of said Commissioners from office, for dereliction of duty, or corruption,
 46 or incompetency; and whenever from any cause a vacancy in office shall occur
 47 in said Commission, the Governor shall fill the same by the appointment of a
 48 qualified person thereto, who shall hold office for the residue of the unexpired
 49 term, and until his successor shall have been elected and qualified.

The following section was struck out—formerly known as:

Struck out
~~[SEC. 21. The State shall be divided into three railroad districts, as
 2 nearly equal in population as practicable, from each of which one of the three
 3 Railroad Commissioners shall be elected.]~~

SEC. 23. Until the Legislature shall district the State, the following
 2 shall be the railroad districts: The First District shall be composed of the
 3 Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado,

4 Humboldt, Lake, Lassen, Mendocino, Modoc, Napa, Nevada, Placer, Plumas,
5 Sacramento, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trin-
6 ity, Yolo, and Yuba, from which one Railroad Commissioner shall be elected.
7 The Second District shall be composed of the Counties of Marin, San Fran-
8 cisco, and San Mateo, from which one Railroad Commissioner shall be elected.
9 The Third District shall be composed of the Counties of Alameda, Contra-
10 Costa, Fresno, Inyo, Kern, Los Angeles, Mariposa, Merced, Mono, Monterey,
11 San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, Santa
12 Barbara, Santa Clara, Santa Cruz, Stanislaus, Tulare, Tuolumne, and Ven-
13 tura, from which one Railroad Commissioner shall be elected.

SEC. 24. The Legislature shall pass all laws necessary for the enforce-
2 ment of the provisions of this article.

The following amendment, introduced by Mr. Herrington, was adopted
as a new section, to be known as section twenty-five:

Section 25
[SEC. 25. Every railroad corporation and other incorporate company
2 or association existing under the laws of this State, or doing business therein,
3 at the time of the adoption of this Constitution, shall accept the provisions
4 of this article in good faith before being entitled to claim or have the benefit
5 of any future legislation thereunder.]

Pittsburg, Colorado

Midway. Chinese & Corporations

CORPORATIONS OTHER THAN MUNICIPAL.

As Amended in Convention, and Ordered Engrossed for a Second Reading, February 1st, 1879.

ARTICLE —.

Section 1. Corporations may be ^{CORPORATIONS.} *formed under general laws, but shall not be created by special Act.* ~~SECTION 1.~~ All laws now in force in this State concerning corporations,

and all laws that may be hereafter passed pursuant to this section, may be altered from time to time or repealed.

SEC. 2. Dues from corporations shall be secured by such individual liability of the corporators and other means as may be prescribed by law.

SEC. 3. Each stockholder of a corporation, or joint-stock association, shall be individually and personally liable for such proportion of all its debts and liabilities contracted or incurred, during the time he was a stockholder, as the amount of stock or shares owned by him bears to the whole of the subscribed capital stock, or shares of the corporation, or association. The directors or trustees of corporations and joint-stock associations shall be jointly and severally liable to the creditors and stockholders for all moneys embezzled or misappropriated by the officers of such corporation, or joint-stock association, during the term of office of such director or trustee.

SEC. 4. The term corporations, as used in this article, shall be construed to include all associations and joint-stock companies having any of the powers or privileges of corporations not possessed by individuals or partnerships; and

all corporations shall have the right to sue and shall be subject to be sued, in all Courts, in like cases as natural persons.

SEC. 5. The Legislature shall have no power to pass any Act granting any charter for banking purposes, but corporations or associations may be formed for such purposes under general laws; but no corporation, association, or individual shall make, issue or put in circulation, as money, anything but the lawful money of the United States.

SEC. 6. All existing charters, grants, franchises, special or exclusive privileges, under which an actual and bona fide organization shall not have taken place, and business been commenced in good faith, at the time of the adoption of this Constitution, shall thereafter have no validity.

SEC. 7. The Legislature shall not extend any franchise or charter, or remit the forfeiture of any franchise or charter of any corporation now existing, or which shall hereafter exist under the laws of this State.

SEC. 8. The exercise of the right of eminent domain shall never be so abridged or construed as to prevent the Legislature from taking the property and franchises of incorporated companies and subjecting them to public use the same as the property of individuals, and the exercise of the police power of the State shall never be so abridged or construed as to permit corporations to conduct their business in such manner as to infringe the equal rights of individuals or the general well-being of the State.

SEC. 9. No corporation shall engage in business other than that expressly authorized in its charter, or the law under which it may have been or may hereafter be organized; nor shall it hold any real estate for a longer period than five years, except such as may be necessary for carrying on its business.

SEC. 10. The Legislature shall not pass any laws permitting the leasing or alienation of any franchise, so as to relieve the franchise or property held thereunder from liabilities of the lessor or grantor, lessee or grantee, contracted

or incurred in the operation, use or enjoyment of such franchise, or any of its privileges.

SEC. 11. No corporation shall issue stock or bonds, except for money paid, labor done, or property actually received, and all fictitious increase of stock or indebtedness shall be void. The stock and bonded indebtedness of corporations shall not be increased, except in pursuance of general law, nor without the consent of the persons holding the larger amount in value of the stock first obtained at a meeting called for that purpose, first giving sixty days' public notice, as may be provided by law.

SEC. 12. In all elections for directors or managers of incorporated companies, every stockholder shall have the right to vote, in person or by proxy, for the number of shares of stock owned by him for as many persons as there are directors or managers to be elected, or to cumulate said shares, and give one candidate as many votes as the number of directors multiplied by the number of his shares of stock shall equal, or to distribute them, on the same principle, among as many candidates as he shall think fit; and such directors or managers shall not be elected in any other manner, except that members of co-operative societies formed for agricultural, mercantile, and manufacturing purposes, may vote on all questions affecting such societies in manner prescribed by law.

SEC. 13. The State shall not subscribe to, or be interested in, the stock of, or in any manner loan its credit to, any person, company, association, or corporation.

SEC. 14. Every corporation other than religious, educational, or benevolent, organized or doing business in this State, shall have and maintain an office or place in this State for the transaction of its business, where transfers of stock shall be made, and in which shall be kept, for inspection by every person having an interest therein, and legislative committees, books in which shall be recorded the amount of capital stock subscribed, and by whom; the names of the owners

of its stock, and the amounts owned by them respectively; the amount of stock paid in, and by whom ; the transfers of said stock ; the amount of its assets and liabilities, and the names and place of residence of its officers.

SEC. 15. No corporation organized outside the limits of this State shall be allowed to transact business within this State on more favorable conditions than are prescribed by law to similar corporations organized under the laws of this State.

SEC. 16. A corporation or association may be sued at the county where the contract is made or is to be performed, or where the obligation or liability arises, or breach occurs; or at the county where the principal place of business of such corporation is situated, subject to the power of the Court to change the place of trial as in other cases.

SEC. 17. All railroad, canal, and other transportation companies shall be common carriers, and subject to legislative control. Any association or corporation, organized, for the purpose, under the laws of this State, shall have the right to connect at the State line with railroads of other States. Every railroad company shall have the right with its road to intersect, connect with, or cross any other railroad, and shall receive and transport each the other's passengers, tonnage, and cars, without delay or discrimination.

SEC. 18. No president, director, officer, agent, or employe of any railroad or canal company shall be interested, directly or indirectly, in the furnishing of material or supplies to such company, nor in the business of transportation as a common carrier of freight or passengers over the works owned, leased, controlled, or worked by such company, except such interest in the business of transportation as lawfully flows from the ownership of stock therein.

SEC. 19. No railroad or other transportation company shall grant free passes, or passes or tickets at a discount, to any person holding any office of honor, trust, or profit in this State; and the acceptance of any such pass or ticket, by a

member of the Legislature or any public officer, other than Railroad Commissioners, shall work a forfeiture of his office.

SEC. 20. No railroad company or other common carrier shall combine or make any contract with the owners of any vessel that leaves port or makes port in this State, or with any common carrier, by which combination or contract the earnings of one doing the carrying are to be shared by the other not doing the carrying. And whenever a railroad corporation shall, for the purpose of competing with any other common carrier, lower its rates for transportation of passengers or freight from one point to another, such reduced rates shall not be again raised or increased from such standard without the consent of the governmental authority, in which shall be vested the power to regulate fares and freights, authorizing such change.

SEC. 21. No discrimination in charges or facilities for transportation shall be made by any railroad or other transportation company between places or persons, or in the facilities for the transportation of freight or passengers within this State, or coming from or going to any other State. Persons and property transported over any railroad, or by any other transportation company or individual, shall be delivered at any station, landing, or port, at charges not exceeding the charges for the transportation of persons and property of the same class, in the same direction, to any more distant station, port, or landing. Excursion and commutation tickets may be issued at special rates.

SEC. 22. The State shall be divided into three districts as nearly equal in population as practicable, in each of which one Railroad Commissioner shall be elected by the qualified electors of their respective districts at the regular gubernatorial elections, whose salary shall be fixed by law, and whose term of office shall be four years. Said Commissioners shall be qualified electors of this State and of the district from which they are elected, and shall not be interested in any railroad corporation, or other transportation company, as stockholder,

creditor, agent, attorney or employe; and the act of a majority of said Commissioners shall be deemed the act of said Commission. Said Commissioners shall have the power, and it shall be their duty, to establish rates of charges for the transportation of passengers and freight by railroad or other transportation companies, and publish the same from time to time, with such changes as they may make; to examine the books, records and papers of all railroad and other transportation companies, and for this purpose they shall have power to issue subpoenas and all other necessary process; to hear and determine complaints against railroad and other transportation companies, to send for persons and papers, to administer oaths, take testimony, and punish for contempt of their orders and processes, in the same manner and to the same extent as Courts of record, and enforce their decisions and correct abuses through the medium of the Courts. Said Commissioners shall prescribe a uniform system of accounts to be kept by all such corporations and companies, and they shall keep their accounts according to such system. Any railroad corporation or transportation company which shall fail or refuse to conform to such rates as shall be established by such Commissioners, or shall charge rates in excess thereof, or shall fail to keep their accounts in accordance with the system prescribed by the Commission, shall be fined not exceeding twenty thousand dollars for each offense, and every officer, agent, or employe of any such corporation or company, who shall demand or receive rates in excess thereof, or who shall in any manner violate the provisions of this section, shall be fined not exceeding five thousand dollars or be imprisoned in the county jail not exceeding one year. In all controversies, civil or criminal, the rates of fares and freights established by said Commission shall be deemed conclusively just and reasonable, and in any action against such corporation or company for damages sustained by charging excessive rates, the plaintiff, in addition to the actual damage, may, in the discretion of the Judge or jury, recover exemplary damages. Said Commission shall report

to the Governor, annually, their proceedings, and such other facts as may be deemed important. Nothing in this section shall prevent individuals from maintaining actions against any of such companies. The Legislature may, in addition to any penalties herein prescribed, enforce this article by forfeiture of charter or otherwise, and may confer such further powers on the Commissioners as shall be necessary to enable them to perform the duties enjoined on them in this and the foregoing section. The Legislature shall have power, by a two-thirds vote of all the members elected to each House, to remove any one or more of said Commissioners from office, for dereliction of duty, or corruption, or incompetency; and whenever from any cause a vacancy in office shall occur in said Commission, the Governor shall fill the same by the appointment of a qualified person thereto, who shall hold office for the residue of the unexpired term, and until his successor shall have been elected and qualified.

SEC. 23. Until the Legislature shall district the State, the following shall be the railroad districts: The First District shall be composed of the Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Humboldt, Lake, Lassen, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba, from which one Railroad Commissioner shall be elected. The Second District shall be composed of the Counties of Marin, San Francisco, and San Mateo, from which one Railroad Commissioner shall be elected. The Third District shall be composed of the Counties of Alameda, Contra Costa, Fresno, Inyo, Kern, Los Angeles, Mariposa, Merced, Mono, Monterey, San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, Santa Barbara, Santa Clara, Santa Cruz, Stanislaus, Tulare, Tuolumne, and Ventura, from which one Railroad Commissioner shall be elected.

SEC. 24. The Legislature shall pass all laws necessary for the enforcement of the provisions of this article.

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Report of Com. on Reporting and
Printing acting as Com. on
Engrossment
Corporation

Articles on

Militia,

Chinese

Corporations, other than
Municipal, ✓

Engrossed for 2^d reading.

Feb'y 10/78

Reported, Correctly
Engrossed

E. F. Smith

Secretary

Feb'y 10/79

Read second time
adopted, and referred
to Committee on Revision
& Adjustment

E. F. Smith

Sec'y